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GENERAL ACCOUNTING OFFICE WASHINGTON DC PROCUREMENT --ETC F/G 15/5
PLANNED REALINEMENT OF FORT INDIANTOWN GAP, PENNSYLVANIA.(U)
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GAO/PLRD-82-11

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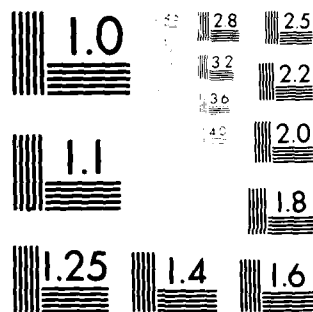
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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

B-204454

OCTOBER 21, 1981

The Honorable Allen E. Ertel
House of Representatives

Dear Mr. Ertel:

Subject: Planned Realignment of Fort Indiantown
Gap, Pennsylvania (PLRD-82-11)

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In your December 15, 1980, letter, you asked us to review the Army's current proposal to realine Fort Indiantown Gap, Pennsylvania. You expressed concerns about differences between the Army's initial and current studies supporting the realignment decision and our August 23, 1979, report which questioned the Army's use of the initial study as a basis for the realignment decision.

The Army's current study compares two realignment alternatives with Fort Indiantown Gap as it is now operating. Alternative I, the Army's preferred option, proposes terminating active Army operation of Fort Indiantown Gap, transferring installation control to the Commonwealth of Pennsylvania, and assigning to Fort Meade, Maryland, the mission of providing logistical and administrative support to Reserve units in the geographical area. Alternative II proposes reducing Fort Indiantown Gap to a subordinate installation of Fort Meade and transferring most Reserve unit support to Fort Meade. The Army estimates that implementing alternative I would result in one-time costs of \$1.3 million and annual savings of \$3.3 million and that implementing alternative II would result in one-time savings of \$1.2 million and annual savings of \$2.7 million.

Despite miscellaneous errors, omissions, and questionable procedures in the Army's current study, we believe that savings are possible if the Army chooses either of the two proposed alternatives. On the basis of our review, we estimate that under alternative I, the Army would incur one-time costs of \$5.6 million and would save \$2.1 million annually. Under alternative II, we estimate that the Army would incur one-time costs of \$2.9 million and would save \$2.2 million annually.

The Army's cost and savings items which we questioned are discussed in detail in enclosures I through IV. The following table shows GAO's and the Army's projected costs and savings under both alternatives.

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Fort Indiantown Gap RealignmentCosts and Savings EstimatesAlternative I

	<u>Army</u>	<u>GAO</u>	<u>Dif- ference</u>
	----- (000 omitted) -----		
Annual operating costs:			
Before realine-			
ment (baseline)	\$97,510	\$97,422	-\$ 88
After realignment	<u>94,189</u>	<u>95,279</u>	<u>1,090</u>
Annual savings	<u>\$ 3,321</u>	<u>\$ 2,143</u>	<u>-\$1,178</u>
One-time costs	<u>\$ 1,313</u>	<u>\$ 5,569</u>	<u>\$4,256</u>

Alternative II

Annual operating costs:			
Before realine-			
ment (baseline)	\$97,510	\$97,422	-\$ 88
After realignment	<u>94,826</u>	<u>95,240</u>	<u>414</u>
Annual savings	<u>\$ 2,684</u>	<u>\$ 2,182</u>	<u>-\$ 502</u>
One-time costs	<u>a/- \$ 1,185</u>	<u>\$ 2,931</u>	<u>\$4,116</u>

a/The Army considers this amount a one-time savings.

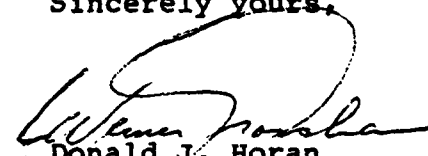
We estimate that implementing alternatives I or II would produce savings of more than \$2 million annually, with recovery of one-time costs in less than 3 years for alternative I and less than 1-1/2 years for alternative II. While alternative II is more economical than alternative I, there are other factors that should also be considered in any realignment decision. In our discussions with Army officials, they expressed concerns about the realignment's effect on mobilization requirements and financial support to Reserve units. These are matters that should be addressed. Therefore, in addition to cost savings, we believe the Army should also consider which alternative would best suit its mission needs based on (1) the realignment's impact on the installation's ability to meet its mobilization requirements and (2) the potential deterioration of financial support to Reserve units currently served by Fort Indiantown Gap.

In your letter, you pointed out the variances in the number of civilian positions reported as being eliminated in the Army's initial and current studies and in our August 1979 report. Specifically, you noted that our August 1979 report showed only 212 positions would be eliminated, whereas the Army's initial study showed 310 and its current study shows 336 positions. You also noted that our August 1979 report questioned about \$4 million of recurring costs in the Army's initial study. We address these concerns in detail in the enclosures.

As agreed with your Office, we did not obtain written comments from the Army regarding our observations. However, we did discuss these matters with Army Headquarters and Forces Command officials and have included their views, where appropriate, in the enclosures.

Your Office requested that we restrict release of this report for 3 days, after which it will be released to the Chairmen of the Senate and House Committees on Armed Services, the Secretaries of Defense and the Army, and the Adjutant General of Pennsylvania. Copies also will be made available to other interested parties upon request.

Sincerely yours,


Donald J. Horan
Director

Enclosures - 4

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PLANNED REALINEMENT
OF FORT INDIANTOWN GAP, PENNSYLVANIA

INTRODUCTION

Fort Indiantown Gap is located 23 miles northeast of Harrisburg, Pennsylvania. It encompasses 18,036 acres, of which only 64 are federally owned. The Commonwealth of Pennsylvania owns Fort Indiantown Gap but has leased the installation to the Army through 1989. Since September 1953, the Army has used the base as a weekend and annual training site for Reserve and Reserve Officer Training Corps units. The Army also used the base recently as a resettlement camp for Vietnamese, Cambodian, and Cuban refugees.

Fort Indiantown Gap, which is under the command of the U.S. Army Forces Command (FORSCOM),

- provides administrative, logistical and/or training support to assigned, attached, and Reserve Officer Training Corps and to Reserve units and activities;
- accomplishes planning and preparatory tasks for its mobilization mission;
- supports civil authorities during domestic emergencies; and
- provides automatic data processing support to the Department of the Army, satellite activities, and designated nearby installations.

REALINEMENT PLANS

In April 1976, the Army announced that changing military requirements, proposed management actions to improve its combat capability, and funding constraints required that it explore means to reduce costs. The Army selected Fort Indiantown Gap for study and possible realignment as one means of reducing costs. The Army selected two realignment alternatives to compare with Fort Indiantown Gap's current operations. Alternative I, the Army's preferred option, proposed terminating active Army operation of the fort and returning it to Pennsylvania. Alternative II proposed reducing the fort to semiactive status as a subordinate installation of Fort Meade, Maryland.

Initial study

In October 1977 the Army completed its initial study and reported that implementing alternative I would result in one-time costs of about \$2.2 million and annual savings of \$3 million and that implementing alternative II would result in one-time costs of \$1.2 million and annual savings of \$2 million.

In April 1979, at the requests of the Chairman, Subcommittee on Military Installations and Facilities, House Committee on Armed Services, and Congressman Allen E. Ertel, we reviewed the Army's study. Due to time constraints, we limited our review to the most significant cost and savings items. We found data changes, errors, omissions, and questionable procedures. We briefed Army officials on the results of our review and suggested that the Army revise its study. The Army officials acknowledged that the study needed revisions and, pending those revisions, suspended action on the proposed realignment. On August 23, 1979, we issued a report 1/ questioning the Army's use of the study as a basis for the realignment decision.

Current study

In November 1979, the Army completed its revised study and reported that implementing alternative I would result in one-time costs of \$1.3 million and annual savings of \$3.3 million. The Army also estimated that implementing alternative II would result in one-time savings of \$1.2 million and annual savings of \$2.7 million.

On December 15, 1980, Congressman Ertel requested that we conduct another audit of the proposed Fort Indiantown Gap realignment. The Congressman noted several inconsistencies between the Army's current study and our 1979 report. At Congressman Ertel's request, the Army has delayed its final decision until we complete our review.

SCOPE OF REVIEW

Our review was designed primarily to respond to Congressman Ertel's request. In determining specific items to review, we considered that the Army's initial determination of positions for transfer to Fort Meade was supported by a workload analysis and

1/"Review of Planned Realignment of Fort Indiantown Gap, Pennsylvania" (LCD-79-329).

ENCLOSURE I

ENCLOSURE I

that the Army Audit Agency had thoroughly reviewed the initial and current studies. Accordingly, we were primarily concerned with the appropriateness of study procedures, the reasonableness of assumptions, and how the Army dealt with those matters questioned in our 1979 report.

We did not attempt to devise realignment alternatives different from those considered by the Army, but limited our review to alternatives I and II included in the revised Army study. We reviewed support for selected data contained in the revised study. Further, we reviewed the Army Audit Agency's report and supporting documentation on its review of the proposed realignment studies and have included the agency's suggested changes where appropriate. We did not review the Army's environmental impact statement nor did we assess the impact that either alternative would have on mobilization requirements or the effectiveness of financial support to Reserve units.

We discussed the current study and the proposed realignment with Army officials at Department of the Army and FORSCOM Headquarters, Fort Indiantown Gap, and Fort Meade and with representatives of the Pennsylvania National Guard.

RESULTS OF GAO REVIEW OF ALTERNATIVE I

The Army's current study estimates that implementing alternative I, beginning in fiscal year 1982, will result in one-time costs of \$1.3 million and annual savings of \$3.3 million. On the basis of our review, we believe that the Army can expect one-time costs of \$5.6 million and annual savings of \$2.1 million. Thus, from a "dollar" perspective, implementing alternative I appears economical. Most of the savings would result from eliminating personnel spaces. Details of the Army's study and our observations are discussed in subsequent sections. The following table summarizes the costs and savings in the Army's study and the changes which we believe should be made.

Fort Indiantown Gap RealignmentCosts and Savings EstimatesAlternative I

	<u>Army</u>	<u>GAO</u>	<u>Difference</u>
	----- (000 omitted) -----		
Before realine-			
ment (baseline):			
Personnel costs:			
Military	\$ 1,929	\$ 1,841	-\$ 88
Civilian	15,834	15,834	-
Other than personnel costs	<u>79,747</u>	<u>79,747</u>	-
Total	<u>97,510</u>	<u>97,422</u>	-88
After realignment:			
Personnel costs:			
Military	280	340	60
Civilian	10,372	10,787	415
Pennsylvania National Guard	3,961	4,250	289
Other than personnel costs:			
Federal	77,826	77,775	-51
Pennsylvania National Guard	<u>1,750</u>	<u>2,127</u>	377
Total	<u>94,189</u>	<u>95,279</u>	1,090
Annual savings	<u>\$ 3,321</u>	<u>\$ 2,143</u>	<u>-\$1,178</u>
One-time costs	<u>\$ 1,313</u>	<u>\$ 5,569</u>	<u>\$4,256</u>

AUTHORIZED POSITIONS AT FORT
INDIANTOWN GAP AND ARMY
ASSUMPTIONS OF REALIGNMENT

The Army's study shows that, as of June 30, 1979, Fort Indiantown Gap was authorized 219 military and 658 civilian positions. The study used the authorized staffing levels and a combination of actual and budgeted costs for fiscal year 1979 as the baseline for comparison with the proposed alternatives.

The Army assumed that, under alternative I:

- Fort Meade would take over the area support mission from Fort Indiantown Gap.
- The Pennsylvania National Guard would operate Fort Indiantown Gap as a training site for Reserve units and maintain the facilities required by Reserve units and Active Army tenants.
- The current lease for Fort Indiantown Gap would be renegotiated to provide for the Commonwealth of Pennsylvania to operate the base and support the Active Army tenants.
- Certain Reserve component schools would remain at Fort Indiantown Gap.

PERSONNEL COSTS AND SAVINGS

The Army's study estimated that the Army could save \$3,150,000 annually in personnel-related costs by

- eliminating 131 military positions (saving \$1,654,000);
- increasing the quarters allowance to military personnel by \$5,000;
- eliminating 315 full-time civilian positions and 65 staffyears related to temporary positions (saving \$5,462,000); and
- adding 182 full-time positions and 26 staffyears related to temporary positions to the Pennsylvania National Guard (increasing costs \$3,961,000).

We believe that the Army's estimated personnel-related savings should be reduced \$852,000 to \$2,298,000. Our suggested changes include reducing the savings

- \$99,000 and 10 military positions by allocating the cost of 1 additional military position to Fort Meade, excluding from the baseline the cost of 9 positions which have already been eliminated due to actions unrelated to the proposed realignment, and correcting inconsistent rounding;
- \$49,000 by increasing the estimated quarters allowance;
- \$415,000 by allocating the cost of 26 additional full-time civilian positions to Fort Meade (\$455,000) and reducing the costs related to 1 activity remaining at Fort Indian-town Gap (\$40,000); and
- \$289,000 by adding the cost of 15 full-time positions to, but subtracting the cost of 1 temporary staffyear from, the Pennsylvania National Guard.

Military positions and related costs

The Army projected savings of \$1,654,000 by eliminating 131 military positions. We question \$99,000 of these savings, involving 10 military positions, and believe the study overstates the savings by

- \$10,000 due to transferring one too few positions to Fort Meade;
- \$87,000 by including nine military positions in the baseline, although these positions have already been eliminated due to actions unrelated to the proposed realignment; and
- \$2,000 due to inconsistent rounding.

The Army's initial study proposed transferring 13 military positions to Fort Meade. That figure was based on an analysis by Army officials of the workload to be transferred. The Army's current study proposes transferring only 12 military positions to Fort Meade because the authorized positions at Fort Indian-town Gap have decreased. The 12 positions were not based on a new workload analysis but rather on the percentage of authorized positions, by function, shown as transferring to Fort Meade in the initial study. FORSCOM officials argued that if Fort Indiantown Gap was doing the work with fewer positions, then Fort Meade could do the same.

We disagree with the FORSCOM argument because:

- The number of persons actually assigned and, therefore, involved in doing the work, may vary from the number authorized. For example, the current study shows that as of June 30, 1979, the Fort Indiantown Gap garrison was authorized 85 military and 556 civilian positions, but 93 military and 530 civilian personnel were actually assigned.
- No correlation has been shown between the number of positions being transferred and the number authorized in the initial study.
- The current study states that the workload being transferred has not changed significantly since the initial study.

Also, the positions transferred to Fort Meade in the initial study were based on a workload analysis, a more reliable approach than the one used in the current study. Therefore, we believe that the Fort Meade after-realignment cost should include the cost of 13 military positions, as shown in the initial study.

The current study did not identify savings related to management actions other than the proposed realignment. However, since the study was prepared, nine military positions and related costs totaling \$87,000 have been eliminated due to actions unrelated to the realignment. Therefore, we do not believe that baseline costs should include these positions and dollars.

Quarters allowance

The study increased the quarters allowance by \$5,000 because of the closure of bachelor quarters and family housing at Fort Indiantown Gap. Our analysis showed that this amount represented the increased costs, rounded from \$4,527, for only 1 month. We believe that the Army should increase the quarters allowance by \$49,000 to show the annual cost. Thus, estimated annual savings would be reduced by \$49,000.

Civilian positions and related costs

The Army projected savings of \$5,462,000 by eliminating 315 full-time positions and 65 staffyears related to temporary positions. We question \$415,000 of these savings and the elimination of 26 positions. We believe that the Army understated after-realignment costs, and thus overstated savings, by

--including \$40,000 too much for one function and

--excluding \$455,000 by transferring 26 too few positions to Fort Meade.

The study shows that one garrison function would remain at Fort Indiantown Gap under alternative I. However, we believe that the study overstates the after-realignment dollars for that function by \$40,000 because the Army based after-realignment costs on the average salary at Fort Indiantown Gap instead of actual costs. This caused after-realignment costs to be higher than the baseline costs for the garrison function. Since costs generally are based on staffyears and the baseline and after-realignment staffyears are the same, we believe the related costs should be the same.

The study understates after-realignment costs by \$455,000 because the Army based its determination of positions transferring to Fort Meade primarily on the authorized staffing at Fort Indiantown Gap. The Army's initial study proposed transferring 267 civilian positions in 12 garrison functions to Fort Meade. The current study proposes transferring 251 positions, including

--30 fewer positions in 3 functions,

--14 more positions in 2 functions, and

--the same number of positions in 7 functions.

An increase of 10 positions in one function was based on FORSCOM's reassessment of the workload analysis used in the initial study and appears appropriate. However, the decrease of 30 positions and the offsetting increase of 4 positions were based on changes in the authorized strength at Fort Indiantown Gap. As stated on page 6, the estimated staffing needs, by function, at Fort Meade were based on a workload analysis and showed no correlation to authorized staffing at Fort Indiantown Gap. Because of this reason and other factors outlined on page 7, we disagree with these changes and do not believe that the Army should include these 26 positions in estimated savings. The cost of these positions should be allocated to Fort Meade.

National Guard positions and related costs

The Army projected increased personnel-related costs of \$3,961,000 for 182 full-time positions and 26 staffyears for temporary positions for the Pennsylvania National Guard to operate and maintain the facilities at Fort Indiantown Gap.

We believe that this cost should be increased by a net \$289,000 to \$4,250,000 for 197 full-time positions and 25 staffyears for temporary positions.

Pennsylvania officials did not believe sufficient positions were provided to operate and maintain Fort Indiantown Gap. To resolve this, the Army requested its Inspector General to confirm the number of positions the Pennsylvania National Guard needed to operate Fort Indiantown Gap. The Army agreed to abide by the Inspector General's recommendations.

The Inspector General recommended 214 full-time positions and 31 staffyears for temporary positions. However, FORSCOM officials included only 182 full-time positions and 26 staffyears for temporary positions in the study. The Army excluded 32 full-time positions (the difference between 214 and 182 positions) in 9 functional areas and 6 staffyears for temporary positions associated with those functional areas because the National Guard Bureau does not normally fund these functions at State-operated installations. FORSCOM also included one staffyear for temporary positions which was not recommended by the Inspector General.

We analyzed the 32 full-time positions and the associated staffyears for temporary positions. We believe that 15 of the positions relate to necessary functions and therefore should not be included in estimated savings. However, we agree with the Army's deleting 17 of the positions because the Inspector General:

- Incorrectly assumed the functions performed by 8 positions would continue after the realignment.
- Included 6 positions based on the Inspector General's recommendation to handle the function differently than outlined in the study.
- Included 3 positions for a function which the current study shows will be contracted out.

The study also includes one temporary staffyear which the Inspector General did not recommend and which should be deleted. This changes the Pennsylvania National Guard's costs and positions from \$3,961,000 for 182 full-time positions and 26 temporary staffyears to \$4,250,000 for 197 full-time positions and 25 temporary staffyears.

RECURRING NONPERSONNEL COSTS

Of the \$3,321,000 the Army estimated it would save annually under alternative 1, \$171,000 related to nonpersonnel costs. This is a net saving resulting from increases and decreases in operating costs for several activities discussed below.

On the basis of our review, we believe the annual savings will be about \$326,000 less. Therefore, the proposed realignment results in a net increase of \$155,000 in nonpersonnel operating costs. Our suggested changes include

--a net decrease in after-realignment costs for Fort Meade (and an increase in savings) of about \$51,000 and

--a net increase in after-realignment costs for the Pennsylvania National Guard (and a decrease in savings) of about \$377,000.

Fort Meade costs

The Fort Indiantown Gap baseline costs include about \$245,000 primarily for (1) support (fuel, maintenance, and parts) of administrative vehicles used on and off post and (2) the rental of General Services Administration vehicles by Army recruiters. The study shows that Fort Meade should receive about \$248,000 for support and rental of vehicles, including about \$79,000 (\$60,000 in personnel costs and about \$19,000 for fuel and parts) for contract support of vehicles used by Active Army tenants remaining at Fort Indiantown Gap.

The Inspector General recommended assigning three mechanics to the Pennsylvania National Guard to provide support for its vehicles and those of Active Army tenants. The current study includes those three mechanics. We disagree with including costs in the budget transferred to Fort Meade for contract personnel to perform this same function. Therefore, the funds shown for Fort Meade should be decreased by the \$60,000 related to contract personnel costs. Also, the Pennsylvania National Guard may be reimbursed the \$19,000 budgeted to Fort Meade for fuel and parts for the Army tenant vehicles.

The Army also included about \$60,000 in the \$248,000 budgeted for Fort Meade support to administrative vehicles used off post by Reserve units. We noted that the baseline costs contained about \$69,000 for this purpose, and Reserve units do not anticipate any change in the off-post activity. In our opinion, the \$9,000 decrease was not related to the realignment and by including it, the Army overstated the savings. Therefore, we believe that the Army should increase the anticipated costs for Fort Meade and decrease the savings accordingly.

Our remaining observation regarding Fort Meade after-realignment costs was a minor increase (\$200) in facilities utilization costs. This increase appears necessary because Army analysts omitted costs for increased water usage at Fort Meade as a result of the proposed realignment.

National Guard costs

The Army's study estimates that the Pennsylvania National Guard should receive \$1,750,000 in nonpersonnel funds to operate Fort Indiantown Gap and to provide necessary support to Reserve units using the installation as a training site. We believe that this estimate should be increased by \$377,000 to include

- \$363,000 as a maximum cost of operating the installation's communications system,
- \$12,000 to restore costs of using three buildings shown in the study as being vacated, and
- about \$2,000 for equipment to be used in the transportation motor pool.

Communications system

The study showed baseline costs of \$1,408,000 (including personnel costs) in U.S. Army Communications Command funds to operate the communications system in support of Fort Indiantown Gap tenant and Reserve units. The study also showed that \$798,000 of these costs would be transferred to Fort Meade and that \$610,000 would be saved. In their input to the study, Communications Command officials stated:

"These resources [personnel funds and operating funds totalling \$610,000] are excessed by the Fort Indiantown Gap realignment and may be returned to DA [the Department of the Army]. It is anticipated, however, that most of these resources will have to be transferred to the National Guard for their use in operating the installation. They should not, therefore, be considered a net DA savings. Precise National Guard requirements could not be determined or negotiated at this time."

The \$610,000 savings included \$247,000 in personnel-related costs and \$363,000 in operating costs. Personnel costs for the Pennsylvania National Guard to operate the base communications were included elsewhere in the study. However, the study provided no nonpersonnel funds to the National Guard for base communications. The after-realignment operating costs of communications will be less than the baseline costs due to decreases, such as reduced base staffing and hours of operation. However, exact communications requirements were not determined before negotiations with the National Guard. Therefore, we believe the baseline costs of \$363,000 should be allocated to the Pennsylvania National Guard as a maximum expected cost to operate the communications system.

Vacated buildings

Army analysts estimate that when the proposed realignment is implemented, numerous buildings at Fort Indiantown Gap will be vacated. The analysts computed a cost per square foot for operation and maintenance of occupied buildings at Fort Indiantown Gap, and on the basis of the total square footage in buildings to be vacated, deducted about \$96,000 from the operation and maintenance costs shown for the Pennsylvania National Guard to operate the base.

After deciding on the number of buildings to be vacated, Fort Indiantown Gap officials determined that the Pennsylvania National Guard would occupy three of these buildings. Using the Army's cost factor, we estimated that \$12,000 should be allocated to the Pennsylvania National Guard to care for these buildings and the projected savings should be reduced by an equal amount.

Transportation motor pool

As stated on page 10, the Inspector General recommended that the Pennsylvania National Guard receive staffing for the transportation motor pool. However, the study shows a \$2,000 savings for motor pool equipment used to support on-base activities. If the National Guard assumes the motor pool operation, it should also receive the related equipment funds. Therefore, we believe the \$2,000 should be allocated to the National Guard and the savings reduced accordingly.

ONE-TIME COSTS

The Army's \$1,313,000 estimate of one-time costs under alternative I is understated by about \$4,256,000 because the Army inappropriately included as a saving the cost to construct a \$4,311,000 administrative facility at Fort Indiantown Gap. The Army overstated other one-time costs by about \$55,000.

Construction costs avoidance

Army Regulation 5-10 authorizes the inclusion of construction costs avoided as a one-time savings in base realignment studies when construction projects, which are no longer needed,

- have been authorized and funded in prior years but are not under contract,
- are proposed for the current year or budget year, or
- are included in the Five-Year Defense Plan.

At the time of the Army's initial study, an administrative facility was included in the Five-Year Defense Plan for Fort Indiantown Gap. Accordingly, the Army identified the estimated facility cost as construction avoided in the initial study. Before preparing its current study, the Army deleted the proposed administrative facility from the Five-Year Defense Plan. Nevertheless, the Army included the estimated cost of the facility--\$4,311,000--as a construction cost avoidance (in effect, a savings) in the current study.

During its review of the realignment studies, the Army Audit Agency stated that including the cost avoidance when the project was no longer in the Five-Year Defense Plan may be questionable. Army officials explained that the project was deleted from the Five-Year Defense Plan because the installation was under study for realignment, but if realignment does not occur, the facility would still be needed.

Army Regulation 5-10 does not provide for cost avoidance of construction projects which were formerly in the Five-Year Defense Plan, even though they may still be needed. Also, according to Fort Indiantown Gap officials, the proposed facility is not essential to mission accomplishment at Fort Indiantown Gap and may never be built even if the base is not realigned. Furthermore, if Fort Indiantown Gap operations are retained, the facility would have to

- be rejustified and approved for reinstatement to the Five-Year Defense Plan and

- compete with other proposed construction projects for funding.

Because the construction project does not meet the Army's criteria for a valid cost avoidance, the \$4,311,000 should not be included as a one-time savings.

FORSCOM officials disagreed with eliminating the \$4,311,000 construction cost avoidance for the proposed administrative facility. Considering their views, we determined that including or excluding this facility as a cost avoidance would have only limited impact on the economic justification for realignment of Fort Indiantown Gap. As shown on page 4, we determined that, excluding this cost avoidance, implementing alternative I would cost about \$5,570,000 but would save about \$2,143,000 annually. Therefore, the implementation costs would be recovered in less than 3 years. Including the cost avoidance reduces implementation costs to about \$1,259,000 and reduces the cost recovery period to about 7 months. Under either method, the proposed realignment remains economically justified.

ENCLOSURE II

ENCLOSURE II

In commenting on a draft of this report, a Department of the Army official agreed that, according to Army procedures, the Army was not entitled to claim a cost avoidance for this construction project. However, the official said the project was erroneously deleted from the Five-Year Defense Plan and if the realignment at Fort Indiantown Gap did not occur, the construction project would still be needed.

Other one-time costs

The current study contains miscellaneous understatements of one-time costs totaling about \$13,000 and overstatements totaling about \$68,000 for a net overstatement of about \$55,000. The understatements relate to costs to (1) rehabilitate buildings at Fort Meade (\$9,000) and (2) transfer personnel to Fort Meade (\$4,000). The overstatements relate to costs to (1) transport supplies and equipment (\$54,500) and (2) vacate buildings (\$13,500).

RESULTS OF GAO REVIEW OF ALTERNATIVE II

The Army's current study estimates that implementing alternative II will result in net one-time savings of \$1.2 million and annual savings of \$2.7 million. On the basis of our review, we believe that the Army can expect one-time costs of \$2.9 million and annual savings of \$2.2 million. Most of the savings would result from eliminating military and civilian personnel spaces. The following table summarizes the costs and savings in the Army's study and the changes which we believe should be made.

Fort Indiantown Gap RealignmentCosts and Savings EstimatesAlternative II

	<u>Army</u>	<u>GAO</u>	<u>Difference</u>
	----- (000 omitted) -----		
Before realine-			
ment (baseline):			
Personnel costs:			
Military	\$ 1,929	\$ 1,841	-\$ 88
Civilian	15,834	15,834	-
Other than personnel costs	79,747	79,747	-
Total	97,510	97,422	-88
After realignment:			
Personnel costs:			
Military	1,378	1,377	-1
Civilian	13,860	14,223	363
Other than personnel costs	79,588	79,640	52
Total	94,826	95,240	414
Annual savings	\$ 2,684	\$ 2,182	-\$ 502
One-time costs	a/- \$ 1,185	\$ 2,931	\$ 4,116

a/The Army considers this amount a one-time savings.

Alternative II proposes reducing Fort Indiantown Gap to a semiactive status as a subordinate installation of Fort Meade. The Fort Indiantown Gap mission of providing logistical and administrative support to Reserve units in the fort's geographical area would be transferred to Fort Meade. The Fort Indiantown Gap garrison activity would be reduced to that size necessary to operate the installation as a Reserve component training site. Renegotiation of leases or support agreements would not be necessary since the Army would retain responsibility for all affected activities.

PERSONNEL COSTS AND SAVINGS

The Army's study estimates that the Army can save \$2,525,000 annually in personnel-related costs by eliminating

--35 military positions (saving \$551,000) and

--137 full-time civilian positions (saving \$1,974,000).

We believe that the estimated annual personnel-related savings should be reduced \$450,000 to \$2,075,000. Savings should be about

--\$87,000 less because the savings should not include 9 military positions which were eliminated due to actions unrelated to the proposed realignment,

--\$508,000 less because the study understates by 29 the number of positions transferring to Fort Meade, and

--\$145,000 more because the study overstates by 9 the number of civilian positions to be retained at Fort Indiantown Gap.

Military positions and savings

The Army projected savings of \$551,000 by eliminating 35 military positions. We believe that the baseline costs, and therefore the savings, should be reduced by about \$87,000 and nine positions because these positions have already been eliminated due to actions unrelated to the proposed realignment. The study also overstates before- and after-realignment costs by \$1,000 due to inconsistent rounding, but this has no effect on the savings.

The current study identifies no savings related to management actions other than the proposed realignment. However, since the study was prepared, nine military positions, and related costs totaling about \$87,000, have been eliminated due to other actions. We believe that these positions and dollars should be excluded from the baseline costs and thus not identified as savings resulting from the proposed realignment.

Civilian positions and savings

The Army projected savings of \$1,974,000 by eliminating 137 full-time civilian positions. We question \$363,000 of these savings and 20 positions because we believe the study

--overstated the savings by transferring 29 too few positions (\$508,000) to Fort Meade and

--understated the savings by retaining 9 too many positions (\$145,000) at Fort Indiantown Gap.

The Army's initial study proposed transferring 203 civilian positions, in 12 garrison functions, to Fort Meade. The current study proposes transferring

- 29 fewer positions in 3 functions,
- 10 more positions in 1 function, and
- the same number of positions in 8 functions.

The increase of 10 positions in 1 function was based on FORSCOM and Fort Meade officials' reassessment of the workload analysis used in the initial study and appears appropriate. However, the decrease of 29 positions was based on changes in the authorized strength at Fort Indiantown Gap. As stated on page 6, no correlation has been drawn between the staffing needs, by function, at Fort Meade and the authorized staffing at Fort Indiantown Gap. Because of this reason and other factors outlined on page 7, we disagree with these changes and believe 29 additional positions and a related cost of \$508,000 should be transferred to Fort Meade.

The Army's initial study proposed retaining 226 civilian positions, in 12 garrison functions, at Fort Indiantown Gap. The current study proposes retaining

- 8 fewer positions in 3 functions,
- 17 more positions in 3 functions, and
- the same number of positions in 6 functions.

The net increase of nine positions was based on changes in the current authorized strength at Fort Indiantown Gap. However, in our opinion, the staffing level needed to operate Fort Indiantown Gap, if realigned, should be related to workload and not to the current authorized strength. Therefore, we disagree with these changes and believe that nine fewer positions (with a value of \$145,000) should be retained at Fort Indiantown Gap.

RECURRING NONPERSONNEL COSTS

The Army estimated that only \$157,000 of the projected recurring savings in alternative II would result from non-personnel costs. Due to the amount involved, we made only a limited review of these savings. In doing so, we corrected an error in addition which increased, by \$52,000, the funds

to be transferred to Fort Meade. Therefore, alternative II would result in no more than about \$105,000 annually in non-personnel savings.

ONE-TIME COSTS

The Army estimated that alternative II would result in net one-time savings of \$1.2 million. This net savings results from the Army's including a cost avoidance of \$4,311,000 for the construction of an administrative facility that would no longer be required and miscellaneous one-time costs totaling about \$3.1 million for items, such as severance pay, transportation, relocation, and required construction.

We believe that instead of net one-time savings of \$1.2 million, the Army can expect net one-time costs of \$2.9 million because

- the \$4,311,000 for the administrative facility should not be considered a cost avoidance,
- employee relocation costs were overstated by about \$170,000,
- estimated transportation costs were overstated by about \$33,000, and
- facility rehabilitation costs were understated by about \$9,000.

According to Army Regulation 5-10, the \$4,311,000 administrative facility should not be considered as construction avoided (see pp. 13 and 14). The overstatement of \$170,000 in employee relocation costs relate to (1) \$6,000 to transfer 3 additional positions to Fort Meade and (2) a decrease of about \$176,000 to relocate 19 fewer people to employment outside the Fort Indiantown Gap commuting area. The \$33,000 overstatement in transportation costs is based on the Army Audit Agency's recommendation that the Army use more economical shipping crates for supplies and equipment. The facility rehabilitation costs are understated \$9,000 due to errors in the Army's calculations.

Department of the Army and FORSCOM officials' comments on construction cost avoidance are contained on pages 13 and 14. Whether the \$4.3 million cost avoidance is included as a savings, however, would have little impact on the economic justification of the proposed realignment. As shown on page 15, we believe that implementing alternative II would cost about \$2,931,000, excluding this cost avoidance, but would result in annual savings of about

\$2,180,000. Therefore, the implementation costs would be recovered in less than 1-1/2 years. Including the cost avoidance yields a net one-time savings of about \$1,380,000 and involves no cost recovery period. Under either method, alternative II remains economically viable.

OTHER MATTERS WHICH COULD
AFFECT REALINEMENT DECISION

Besides economic factors, other matters could affect the realignment decision for Fort Indiantown Gap. These matters include

- the realignment's impact on the installation's capability to meet its mobilization requirements and
- the potential deterioration of financial support to Reserve units currently served by Fort Indiantown Gap.

Mobilization requirements

FORSCOM and Fort Indiantown Gap officials advised us that Fort Indiantown Gap is the designated mobilization base for Reserve units containing more than 25,000 troops. These officials added that the mobilization mission calls for a garrison complement of almost 1,700 civilian employees within extremely short time frames. According to the officials, the Army's ability to accomplish the mobilization mission at Fort Indiantown Gap would be severely affected by the proposed realignment. They were particularly concerned about the time that would be required to hire the supporting civilian workforce if the existing capability is lost.

Deterioration of financial
support to Reserve units

A significant portion of the area support mission, which would transfer to Fort Meade, is currently the responsibility of the Fort Indiantown Gap Comptroller. In fact, our review showed that more than one-half of the positions to be transferred would be assigned to the Fort Meade Comptroller's operations. Fort Indiantown Gap and FORSCOM officials expressed concern that the consolidation of this mission with the already sizable workload at Fort Meade could significantly degrade the effectiveness of the work units, and therefore, of the support to Reserve units.

In commenting on the proposed realignment, the FORSCOM Comptroller stated:

" * * * Both alternates include transferring finance area support * * * to Fort Meade, MD. This transfer is not desirable as * * * Fort Meade, has experienced difficulty in providing quality service for current mission requirements.

* * * * *

"The volume of actions processed by * * * Fort Meade, and the complexity and dispersion of activities being serviced, makes management of that office extremely difficult. Further increases in workload could lead to a degradation in the overall quality of work."

In commenting on a draft of this report, a Department of the Army official said that the Army was concerned about the allegation of poor quality financial support. He said the Army planned to look into this matter and determine the impact it would have under each alternative before making a final decision on Fort Indiantown Gap.

CONCLUSIONS

The Army's study of the Fort Indiantown Gap realignment indicates that either alternative I or II is economically justified; annual savings of more than \$2 million can be achieved with either alternative. Implementation costs of about \$5,570,000 could be recovered in less than 3 years, or, if reduced to \$1,259,000 by including the \$4,311,000 construction cost avoidance (see p. 12), in less than 1 year with alternative I. Similarly, implementation costs of \$2,931,000 could be recovered in less than 1-1/2 years or completely offset by including the construction avoidance cost in alternative II.

While alternative II is more economical than alternative I, there are other factors that should also be considered in any realignment decision. In our discussions with Army officials, they expressed concerns about the realignment's effect on mobilization requirements and financial support to Reserve units. These are matters that should be addressed. Therefore, in addition to cost savings, we believe the Army should also consider which alternative would best suit its mission needs based on such factors as (1) the realignment's impact on the installation's ability to meet its mobilization requirements and (2) the potential deterioration of financial support to Reserve units currently served by Fort Indiantown Gap.

CONCERNS EXPRESSED IN
CONGRESSMAN ERTEL'S REQUEST LETTER

In his December 15, 1980 letter, Congressman Ertel expressed the following concerns:

- The two Army studies and our August 1979 report included different estimates of civilian personnel strength savings.
- The Army Inspector General recommended 214 positions for the Pennsylvania National Guard, but the current study includes only 182 positions.

Also Congressman Ertel noted that our 1979 report questioned about \$4 million of recurring costs in the Army's initial study. Our analysis of these concerns follows.

CIVILIAN PERSONNEL
STRENGTH SAVINGS

For alternative I, the two Army studies and our 1979 report included the following estimates of the civilian personnel strength savings:

- The Army's initial study estimated 310 civilian positions could be eliminated.
- The Army's current study estimates 315 civilian positions can be eliminated.
- Our 1979 report, which summarized a partial review of the Army's initial study, estimated 212 civilian positions would be eliminated.

On the basis of our review of the Army's current study for alternative I, we believe that only 289 civilian positions can be eliminated.

Comparison of positions saved in the
Army's initial and current studies

The initial study showed 310 civilian positions being eliminated--the net of 331 positions being eliminated at Fort Indiantown Gap and 21 Federal technician positions being added to the Pennsylvania National Guard. The current study shows 315 positions being eliminated, but 21 Federal technician positions, although included in the study, have not been offset against the positions eliminated. Therefore, the 315 positions

eliminated in the current study should be compared with the 331 positions in the initial study to show that the current study projects the elimination of 16 fewer civilian positions. But, our analysis indicates that the Army can expect to eliminate only 289 positions if alternative I is selected, (see p. 7), or 42 fewer positions than shown in the initial study.

Difference between positions
eliminated in the Army's initial
study and our 1979 report

The Army's initial study estimated that 310 civilian positions would be eliminated, however, our 1979 report indicated that only 212 positions would be eliminated--a difference of 98 positions. We questioned whether the 98 spaces should be included in the savings because these positions were directed to be cut before the Army announced its intent to realign Fort Indiantown Gap. The reduction was not related to the realignment.

Of the 98 positions, 63 positions and the associated savings were included in Army's current study and 35 positions and the associated savings were not included. The 63 positions included in the current study had been reauthorized before the study was prepared, and thus were appropriately included. The 35 positions were not reauthorized and were appropriately excluded from the updated study.

Nonappropriated fund positions

Congressman Ertel's request letter stated that the Army's current study estimates 336 civilian positions will be saved. This includes the 315 eliminated positions in the study plus 21 nonappropriated-fund positions which will be lost. Although the nonappropriated-fund positions will be eliminated due to the realignment, the study does not include any costs or savings related to these positions.

Pennsylvania National
Guard positions

The Inspector General's study indicated that the Pennsylvania National Guard would need 214 positions to assume the garrison function at Fort Indiantown Gap. The current study includes only 182 positions. As discussed earlier (see p. 8), we believe the Pennsylvania National Guard should be allocated 197 positions.

Fort Meade requests

During our review of the Army's initial study, Fort Meade officials stated they needed at least 27 additional employees to handle the transferred workload if alternative I was implemented. We did not

analyze the officials' request to determine if the additional positions were needed. The current study includes 10 of those 27 positions. However, overall, the current study shows 1 fewer military and 16 fewer civilian positions transferring to Fort Meade than were shown in the original study. As discussed earlier (see pp. 6, 7, and 8) we believe that the current study understates the positions transferring to Fort Meade by 1 military and 26 civilian positions.

RECURRING COSTS OF \$4 MILLION

Congressman Ertel's request letter noted our 1979 report indicated that, in projecting a \$2.9 million annual savings, the Army had not properly considered about \$4 million of recurring costs. Yet, in the current study, the Army estimates annual savings of \$3.3 million, a significant increase over the initial Army study.

Our August 1979 report questioned some of the procedures used in developing costs and savings in the Army's initial study. However, the dollar amounts of the items questioned cannot be added to determine a total offset of estimated savings. The reason: budgeted costs questioned in one section of the report included engineering costs discussed in another section. Therefore, an attempt to accumulate the impact of these two sections results in double counting and exaggeration of the amount we questioned.

Of F